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Dingell and Markey Question SEC on PUHCA Enforcement; *Lawmakers Call for GAO Investigation Into Lax SEC Oversight of Utility Holding Companies*

Washington, D.C. – Representative John D. Dingell (D-MI), the Ranking Democrat on the House Energy and Commerce Committee, and Representative Edward J. Markey (D-MA), a Member of the Committee, today released a letter from the Securities and Exchange Commission (SEC) responding to an inquiry regarding the Commission's implementation of the Public Utility Holding Company Act (PUHCA). The Congressman simultaneously released a follow-up letter to the SEC asking a lengthy series of pointed questions about apparent lapses and inadequacies in the SEC's implementation of PUHCA, and asking the General Accounting Office (GAO) for a full investigation into the Commission's lax enforcement of the law, which is aimed at protecting utility investors and consumers.

"We fear that a continuation of current Commission practices will allow Enron-like accounting and corporate structures to circumvent the investor and consumer protections of PUHCA," said Reps. Markey and Dingell in their letter.

PUHCA was enacted in 1935 in response to a wave of utility holding company scandals that devastated consumers and investors. It places strict limitations on utility holding company financings, corporate structure, and diversification in order to ensure protection for utility investors and captive utility ratepayers. The letter the lawmakers released today was sharply critical of the SEC's relaxed approach towards interpreting when a person exercises control over a utility company or its affiliates, contrasting it with the policies it had adopted in its ongoing Enron litigation. The letter asks the SEC to respond to 50 detailed questions about its implementation of PUHCA in the post-Enron environment, including a number of completed or proposed transactions.

In addition, the lawmakers asked the GAO, Congress' investigatory arm, to conduct a study and submit a report on the SEC's administration of PUHCA, focusing "particularly the exemption provisions that have been abused by Enron and others to the detriment of investors, ratepayers, and the public interest."

Copies of the Dingell-Markey letter and the SEC letter can be obtained from http://www.house.gov/commerce_democrats/ or from www.mail.house/markey.

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